

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

38

February 3, 2004

FROM: **DAVID H. SLAUGHTER**, Director
Real Estate Services Department

ROBERTA YORK, Director
Preschool Services Department

SUBJECT: **LEASE AMENDMENT WITH THE CITY OF FONTANA**

RECOMMENDATION: Approve Amendment No. 1 to Lease Agreement No. 92-1012 with the City of Fontana (City) to assign said lease for 3,216 square feet of office and classroom space and approximately 4,000 square feet of adjacent playground area in Fontana to the Rancho Cucamonga/Fontana Family YMCA (YMCA) effective November 1, 2003.

BACKGROUND INFORMATION: On February 13, 1989, the Board approved funding of the Second District North Fontana Headstart Facility as part of the amended 1988-89 Community Development Block Grant (CDBG) funding plan. That action was taken in cooperation with the City's request to utilize the CDBG funds remaining from its participation in the County's CDBG program. Subsequently, on March 25, 1991, the Board approved Contract No. 91-204 with the City, that obligated \$212,049 of County CDBG funds, \$152,049 of City CDBG funds, and \$120,000 from other City funding sources for the design and construction of a 3,216 square foot Headstart Preschool facility located at 6361 Catawba Avenue in Fontana. A covenant of the contract required the City, which retained title, to lease the facility and approximately 4,000 square feet of adjacent playground area to the County for a period of not less than 20 years for \$1.00 per year. On October 19, 1992, the Board approved a lease agreement that includes those terms and conditions. The term of the lease is from September 1, 1992 to August 31, 2012.

It has become increasingly difficult to keep children enrolled at the north Fontana facility because the majority of families in this area no longer qualify for the Headstart program. PSD was transporting children from other areas in order to achieve adequate enrollment at this facility. PSD conducted a community needs assessment study that confirmed there is no longer a need for a Headstart preschool in this area; therefore, PSD has decided to cease operation of the preschool at this facility.

The YMCA expressed an interest in the facility and a willingness to assume the County's position in the lease. PSD requested RESD negotiate an approval and acceptance by City to assign the County's interests and obligations in the lease to the YMCA effective November 1, 2003. The City agreed to the assignment, which includes the YMCA's agreement to indemnify, defend and hold harmless the County for any liability under the lease, and the City's consent to release the County from all rights, duties, obligations and potential liability under the lease as of November 1, 2003. The County Department of Economic and Community Development (ECD) has indicated this assignment of the lease to the YMCA is consistent with the terms outlined in Contract No. 91-204. The delivery to the Board of this amendment to affect the assignment of lease was delayed because of the time required for review and execution by the City.

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REVIEW AND APPROVAL BY OTHERS: This item has been reviewed by County Counsel (Rex Hinesley, Chief Deputy County Counsel, 387-5465) on October 14, 2003; ECD (Doug Payne, Deputy Director, 388-0990) on October 31, 2003; Human Services System Administration (Kristin Letterman, Administrative Analyst, 388-0330) on January 23, 2004; and the County Administrative Office [Daniel R. Kopp (387-3828) and Patricia Cole (387-5346), Administrative Analysts] on January 23, 2004.

FINANCIAL IMPACT: There is no cost associated with this amendment to affect the assignment of the lease.

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item, concurs with the department's and RESD's proposal, and recommends this action because effective November 1, 2003 the County's obligations under the lease will be assigned to the YMCA, the County will no longer be responsible for expenses associated with this facility, and the County will be indemnified with respect to any potential liability associated with the lease of this facility.

SUPERVISORIAL DISTRICTS: Second

PRESENTER: David H. Slaughter, Director, 387-7813

DH: 387-7841

mf: 387-7825